

Senate Bill No. 1383

Passed the Senate August 31, 2016

Secretary of the Senate

Passed the Assembly August 31, 2016

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2016, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Sections 39730.5, 39730.6, 39730.7, and 39730.8 to the Health and Safety Code, and to add Chapter 13.1 (commencing with Section 42652) to Part 3 of Division 30 of the Public Resources Code, relating to methane emissions.

LEGISLATIVE COUNSEL'S DIGEST

SB 1383, Lara. Short-lived climate pollutants: methane emissions: dairy and livestock: organic waste: landfills.

(1) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to approve a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020. The state board is also required to complete a comprehensive strategy to reduce emissions of short-lived climate pollutants, as defined, in the state.

This bill would require the state board, no later than January 1, 2018, to approve and begin implementing that comprehensive strategy to reduce emissions of short-lived climate pollutants to achieve a reduction in methane by 40%, hydrofluorocarbon gases by 40%, and anthropogenic black carbon by 50% below 2013 levels by 2030, as specified. The bill also would establish specified targets for reducing organic waste in landfills.

This bill would require the state board, in consultation with the Department of Food and Agriculture, to adopt regulations to reduce methane emissions from livestock manure management operations and dairy manure management operations, as specified. The bill would require the state board to take certain actions prior to adopting those regulations. This bill would require the regulations to take effect on or after January 1, 2024, if the state board, in consultation with the department, makes certain determinations.

This bill would require the state board, the Public Utilities Commission, and the State Energy Resources Conservation and Development Commission to undertake various actions related to reducing short-lived climate pollutants in the state. The bill would

require state agencies to consider and, as appropriate, adopt policies and incentives to significantly increase the sustainable production and use of renewable gas.

(2) The California Integrated Waste Management Act of 1989, which is administered by the Department of Resources Recycling and Recovery, establishes an integrated waste management program that requires each county and city and county to prepare and submit to the department a countywide integrated waste management plan.

The bill would require the department, in consultation with the state board, to adopt regulations that achieve the specified targets for reducing organic waste in landfills. The bill would authorize local jurisdictions to charge and collect fees to recover the local jurisdiction's costs incurred in complying with the regulations. The bill would require, no later than July 1, 2020, the department, in consultation with the state board, to analyze the progress that the waste sector, state government, and local governments have made in achieving the specified targets for reducing organic waste in landfills. The bill would authorize the department, depending on the outcome of that analysis, to amend the regulations to include incentives or additional requirements, as specified. By adding to the duties of local governments related to organic waste in landfills, this bill would impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) Short-lived climate pollutants, such as black carbon, fluorinated gases, and methane, are powerful climate forcers that have a dramatic and detrimental effect on air quality, public health, and climate change.

(2) These pollutants create a warming influence on the climate that is many times more potent than that of carbon dioxide.

(3) Short-lived climate pollutants that are toxic air contaminants also are a significant environmental risk factor for premature death.

(4) Reducing emissions of these pollutants can have an immediate beneficial impact on climate change and on public health.

(5) To the extent possible, efforts to reduce emissions of short-lived climate pollutants should focus on areas of the state that are disproportionately affected by poor air quality.

(b) It is the intent of the Legislature to support the adoption of policies that improve organics recycling and innovative, cost effective, and environmentally beneficial uses of biomethane derived from solid waste facilities.

(c) It is intent of the Legislature that the disposal reduction targets established pursuant to Section 39730.6 of the Health and Safety Code shall serve as a statewide average target and not as a minimum requirement for each jurisdiction.

SEC. 2. Section 39730.5 is added to the Health and Safety Code, to read:

39730.5. (a) No later than January 1, 2018, the state board shall approve and begin implementing the comprehensive short-lived climate pollutant strategy developed pursuant to Section 39730 to achieve a reduction in the statewide emissions of methane by 40 percent, hydrofluorocarbon gases by 40 percent, and anthropogenic black carbon by 50 percent below 2013 levels by 2030.

(b) Prior to approving the short-lived climate pollutant strategy pursuant to subdivision (a), the state board shall do all of the following:

(1) Coordinate with other state and local agencies and districts to develop measures identified as part of the strategy.

(2) Provide a forum for public engagement by holding at least three public hearings in geographically diverse locations throughout the state.

(3) Evaluate the best-available scientific, technological, and economic information to ensure that the strategy is cost effective and technologically feasible.

(4) Incorporate and prioritize, as appropriate, measures and actions that provide the following cobenefits:

(A) Job growth and local economic benefits in the state.

(B) Public health benefits.

(C) Potential for new innovation in technology, energy, and resource management practices.

(c) The state board shall publicly notice the strategy described in subdivision (a) and post a copy of that strategy on the state board's Internet Web site at least one month prior to the state board approving the strategy pursuant to subdivision (a).

SEC. 3. Section 39730.6 is added to the Health and Safety Code, to read:

39730.6. (a) Consistent with Section 39730.5, methane emissions reduction goals shall include the following targets to reduce the landfill disposal of organics:

(1) A 50-percent reduction in the level of the statewide disposal of organic waste from the 2014 level by 2020.

(2) A 75-percent reduction in the level of the statewide disposal of organic waste from the 2014 level by 2025.

(b) Except as provided in this section and Section 42652.5 of the Public Resources Code, the state board shall not adopt, prior to January 1, 2025, requirements to control methane emissions associated with the disposal of organic waste in landfills other than through landfill methane emissions control regulations.

SEC. 4. Section 39730.7 is added to the Health and Safety Code, to read:

39730.7. (a) For purposes of this section, the following terms have the following meanings:

(1) "Department" means the Department of Food and Agriculture.

(2) "Commission" means the Public Utilities Commission.

(3) "Energy commission" means the State Energy Resources Conservation and Development Commission.

(4) "Strategy" means the strategy to reduce short-lived climate pollutants developed pursuant to Section 39730.

(b) (1) The state board, in consultation with the department, shall adopt regulations to reduce methane emissions from livestock manure management operations and dairy manure management operations, consistent with this section and the strategy, by up to 40 percent below the dairy sector's and livestock sector's 2013 levels by 2030.

(2) Prior to adopting regulations pursuant to paragraph (1), the state board shall do all of the following:

(A) Work with stakeholders to identify and address technical, market, regulatory, and other challenges and barriers to the development of dairy methane emissions reduction projects. The group of stakeholders shall include a broad range of stakeholders involved in the development of dairy methane reduction projects, including, but not limited to, project developers, dairy and livestock industry representatives, state and local permitting agencies, energy agency representatives, compost producers with experience composting dairy manure, environmental and conservation stakeholders, public health experts, and others with demonstrated expertise relevant to the success of dairy methane emissions reduction efforts.

(B) Provide a forum for public engagement by holding at least three public meetings in geographically diverse locations throughout the state where dairy operations and livestock operations are present.

(C) In consultation with the department, do both of the following:

(i) Conduct or consider livestock and dairy operation research on dairy methane emissions reduction projects, including, but not limited to, scrape manure management systems, solids separation systems, and enteric fermentation.

(ii) Consider developing and adopting methane emissions reduction protocols.

(3) The state board shall make available to the public by posting on its Internet Web site a report on the progress made in implementing paragraph (2). Pursuant to Section 9795 of the Government Code, the state board shall notify the Legislature of the report.

(4) Notwithstanding the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the regulations adopted pursuant to paragraph (1) shall be implemented on or after January 1, 2024, if the state board, in consultation with the department, determines all of the following:

(A) The regulations are technologically feasible.

(B) The regulations are economically feasible considering milk and live cattle prices and the commitment of state, federal, and private funding, among other things, and that markets exist for the products generated by dairy manure management and livestock

manure management methane emissions reduction projects, including composting, biomethane, and other products. The analysis shall include consideration of both of the following:

(i) Electrical interconnection of onsite electrical generation facilities using biomethane.

(ii) Access to common carrier pipelines available for the injection of digester biomethane.

(C) The regulations are cost effective.

(D) The regulations include provisions to minimize and mitigate potential leakage to other states or countries, as appropriate.

(E) The regulations include an evaluation of the achievements made by incentive-based programs.

(c) No later than July 1, 2020, the state board, in consultation with the department, shall analyze the progress the dairy and livestock sector has made in achieving the goals identified in the strategy and specified in paragraph (1) of subdivision (b). The analysis shall determine if sufficient progress has been made to overcome technical and market barriers, as identified in the strategy. If the analysis determines that progress has not been made in meeting the targets due to insufficient funding or technical or market barriers, the state board, in consultation with the department and upon consultation with stakeholders, may reduce the goal in the strategy for the dairy and livestock sectors, as identified pursuant to paragraph (1).

(d) (1) (A) No later than January 1, 2018, the state board, in consultation with the commission and the energy commission, shall establish energy infrastructure development and procurement policies needed to encourage dairy biomethane projects to meet the goal identified pursuant to paragraph (1) of subdivision (b).

(B) The state board shall develop a pilot financial mechanism to reduce the economic uncertainty associated with the value of environmental credits, including credits pursuant to the Low-Carbon Fuel Standard regulations (Subarticle 7 (commencing with Section 95480) of Title 17 of the California Code of Regulations) from dairy-related projects producing low-carbon transportation fuels. The state board shall make recommendations to the Legislature for expanding this mechanism to other sources of biogas.

(2) No later than January 1, 2018, the commission, in consultation with the state board and the department, shall direct

gas corporations to implement not less than five dairy biomethane pilot projects to demonstrate interconnection to the common carrier pipeline system. For the purposes of these pilot projects, gas corporations may recover in rates the reasonable cost of pipeline infrastructure developed pursuant to the pilot projects.

(e) No later than January 1, 2018, the state board shall provide guidance on credits generated pursuant to the Low-Carbon Fuel Standard regulations (Subarticle 7 (commencing with Section 95480) of Title 17 of the California Code of Regulations) and the market-based compliance mechanism developed pursuant to Part 5 (commencing with Section 38570) of Division 25.5 from the methane reduction protocols described in the strategy and shall ensure that projects developed before the implementation of regulations adopted pursuant to subdivision (b) receive credit for at least 10 years. Projects shall be eligible for an extension of credits after the first 10 years to the extent allowed by regulations adopted pursuant to the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500)).

(f) Enteric emissions reductions shall be achieved only through incentive-based mechanisms until the state board, in consultation with the department, determines that a cost-effective, considering the impact on animal productivity, and scientifically proven method of reducing enteric emissions is available and that adoption of the enteric emissions reduction method would not damage animal health, public health, or consumer acceptance. Voluntary enteric emissions reductions may be used toward satisfying the goals of this chapter.

(g) Except as provided in this section, the state board shall not adopt methane emissions reduction regulations controlling the emissions of methane from dairy operations or livestock operations to achieve the 2020 and 2030 greenhouse gas emissions reduction goals established pursuant to the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500)).

(h) Nothing in this section shall limit the authority of the state board to acquire planning and baseline information, including requiring the monitoring and reporting of emissions.

(i) This section does not in any way affect the state board's or districts' authority to regulate emissions of criteria pollutants, toxic

air contaminants, or other pollutants pursuant to other provisions of this division.

SEC. 5. Section 39730.8 is added to the Health and Safety Code, to read:

39730.8. (a) For purposes of this section, the following terms have the following meanings:

- (1) “Commission” means the Public Utilities Commission.
- (2) “Energy commission” means the State Energy Resources Conservation and Development Commission.
- (3) “Strategy” means the strategy to reduce short-lived climate pollutants developed pursuant to Section 39730.

(b) The energy commission, in consultation with the state board and the commission, shall develop recommendations for the development and use of renewable gas, including biomethane and biogas, as a part of its 2017 Integrated Energy Policy Report prepared pursuant to Section 25302 of the Public Resources Code. In developing the recommendations, the energy commission shall identify cost-effective strategies that are consistent with existing state policies and climate change goals by considering priority end uses of renewable gas, including biomethane and biogas, and their interactions with state policies, including biomethane and all of the following:

- (1) The Renewables Portfolio Standard program (Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code).
- (2) The Low-Carbon Fuel Standard regulations (Subarticle 7 (commencing with Section 95480) of Title 17 of the California Code of Regulations).
- (3) Waste diversion goals established pursuant to Division 30 (commencing with Section 40000) of the Public Resources Code.
- (4) The market-based compliance mechanism developed pursuant to Part 5 (commencing with Section 38570) of Division 25.5.

(5) The strategy.

(c) Based on the recommendations developed pursuant to subdivision (b), and to meet the state’s climate change, renewable energy, low-carbon fuel, and short-lived climate pollutants goals, including black carbon, landfill diversion, and dairy methane targets identified in the strategy, state agencies shall consider and, as appropriate, adopt policies and incentives to significantly

increase the sustainable production and use of renewable gas, including biomethane and biogas.

(d) Based on the recommendations developed pursuant to subdivision (b), the commission, in consultation with the energy commission and the state board, shall consider additional policies to support the development and use in the state of renewable gas, including biomethane and biogas, that reduce short-lived climate pollutants in the state.

(e) In implementing this section, priority shall be given to fuels with the greatest greenhouse gas emissions benefits, including the consideration of carbon intensity and reduction in short-lived climate pollutants, as appropriate.

SEC. 6. Chapter 13.1 (commencing with Section 42652) is added to Part 3 of Division 30 of the Public Resources Code, to read:

CHAPTER 13.1. SHORT-LIVED CLIMATE POLLUTANTS

42652. The Legislature finds and declares all of the following:

(a) The organic disposal reduction targets are essential to achieving the statewide recycling goal identified in Section 41780.01.

(b) Achieving organic waste disposal reduction targets requires significant investment to develop organics recycling capacity.

(c) More robust state and local funding mechanisms are needed to support the expansion of organics recycling capacity.

42652.5. (a) The department, in consultation with the State Air Resources Board, shall adopt regulations to achieve the organic waste reduction goals for 2020 and 2025 established in Section 39730.6 of the Health and Safety Code. The regulations shall comply with all of the following:

(1) May require local jurisdictions to impose requirements on generators or other relevant entities within their jurisdiction and may authorize local jurisdictions to impose penalties on generators for noncompliance.

(2) Shall include requirements intended to meet the goal that not less than 20 percent of edible food that is currently disposed of is recovered for human consumption by 2025.

(3) Shall not establish a numeric organic waste disposal limit for individual landfills.

(4) May include different levels of requirements for local jurisdictions and phased timelines based upon their progress in meeting the organic waste reduction goals for 2020 and 2025 established in Section 39730.6 of the Health and Safety Code. The department shall base its determination of progress on relevant factors, including, but not limited to, reviews conducted pursuant to Section 41825, the amount of organic waste disposed compared to the 2014 level, per capita disposal rates, the review required by Section 42653, and other relevant information provided by a jurisdiction.

(5) May include penalties to be imposed by the department for noncompliance. If penalties are included, they shall not exceed the amount authorized pursuant to Section 41850.

(6) Shall take effect on or after January 1, 2022, except the imposition of penalties pursuant to paragraph (1) shall not take effect until two years after the effective date of the regulations.

(b) A local jurisdiction may charge and collect fees to recover the local jurisdiction's costs incurred in complying with the regulations adopted pursuant to this section.

42653. (a) No later than July 1, 2020, the department, in consultation with the State Air Resources Board, shall analyze the progress that the waste sector, state government, and local governments have made in achieving the organic waste reduction goals for 2020 and 2025 established in Section 39730.6 of the Health and Safety Code. The analysis shall include all of the following:

(1) The status of new organics recycling infrastructure development, including the commitment of state funding and appropriate rate increases for solid waste and recycling services to support infrastructure expansion.

(2) The progress in reducing regulatory barriers to the siting of organics recycling facilities and the timing and effectiveness of policies that will facilitate the permitting of organics recycling infrastructure.

(3) The status of markets for the products generated by organics recycling facilities, including cost-effective electrical interconnection and common carrier pipeline injection of digester biogas and the status of markets for compost, biogas, and other products from the recycling of organic waste.

(b) If the department determines that significant progress has not been made on the items analyzed pursuant to subdivision (a), the department may include incentives or additional requirements in the regulations described in Section 42652 to facilitate progress towards achieving the organic waste reduction goals for 2020 and 2025 established in Section 39730.6 of the Health and Safety Code. The department may, upon consultation with stakeholders, recommend to the Legislature revisions to those organic waste reduction goals.

42654. This chapter shall not limit the authority of a local jurisdiction to adopt, implement, or enforce requirements in addition to those set forth in the regulations adopted pursuant to this chapter.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

Approved _____, 2016

Governor